

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
May 18, 2011**

**Project Number** CA-2011-829

**Project Name** Summer Park Apartments  
Site Address: Located off Summer Lane, north of E. Washington  
Crescent City, CA 95531 County: Del Norte  
Census Tract: 1.030

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$478,545	\$0
Recommended:	\$478,545	\$0

**Applicant Information**

Applicant: Summer Park Apartment Investors, L.P.  
Contact: Cyrus Youssefi  
Address: 1006 Fourth Street, Suite 701  
Sacramento CA 95814  
Phone: (916) 446-4040 Fax: (916) 446-4044  
Email: cfyinc@yahoo.com

General partner(s) or principal owner(s): Community Revitalizations and Development Corporation  
Cyrus Youssefi, Individually  
General Partner Type: Joint Venture  
Developer: Holt Street Family Housing, LLC  
Investor/Consultant: PNC Real Estate  
Management Agent: C.F.Y. Development, Inc.

**Project Information**

Construction Type: New Construction  
Total # Residential Buildings: 7  
Total # of Units: 57  
No. & % of Tax Credit Units: 56 100%  
Federal Set-Aside Elected: 40%/60%  
Federal Subsidy: Tax Exempt Bonds / HOME  
HCD MHP Funding: No  
55-Year Use/Affordability: Yes  
Number of Units @ or below 30% of area median income: 6  
Number of Units @ or below 50% of area median income: 14  
Number of Units @ or below 60% of area median income: 36

**Bond Information**

Issuer: California Statewide Communities Development Authority  
 Expected Date of Issuance: 05/18/11  
 Credit Enhancement: None

**Information**

Housing Type: Large Family  
 Geographic Area: N/A  
 TCAC Project Analyst: Nicola Hil

**Unit Mix**

32 2-Bedroom Units  
 17 3-Bedroom Units  
 8 4-Bedroom Units  


---

 57 Total Units

<u>Unit Type &amp; Number</u>	<u>2010 Rents Targeted % of Area Median Income</u>	<u>2010 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 2 Bedrooms	30%	30%	\$380
8 2 Bedrooms	50%	50%	\$633
16 2 Bedrooms	55%	55%	\$697
5 2 Bedrooms	60%	57%	\$725
2 3 Bedrooms	30%	30%	\$439
4 3 Bedrooms	50%	50%	\$732
9 3 Bedrooms	55%	55%	\$805
1 3 Bedrooms	60%	58%	\$850
1 4 Bedrooms	30%	30%	\$490
2 4 Bedrooms	50%	50%	\$819
4 4 Bedrooms	55%	55%	\$899
1 4 Bedrooms	60%	58%	\$950
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Financing**

Estimated Total Project Cost: \$11,818,200  
 Estimated Residential Project Cost: \$11,818,200

**Residential**

Construction Cost Per Square Foot: \$118  
 Per Unit Cost: \$207,337

**Construction Financing**

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
Chase Bank	\$6,111,772
HOME Loan	\$3,200,000
Deferred Developer Fee	\$1,200,000
Tax Credit Equity	\$1,306,428

<u>Source</u>	<u>Amount</u>
Bonneville Mortgage	\$2,058,977
HOME Loan	\$5,000,000
Deferred Developer Fee	\$404,463
Tax Credit Equity	\$4,354,760
<b>TOTAL</b>	<b>\$11,818,200</b>

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$10,826,811
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$14,074,854
Applicable Rate:	3.40%
Maximum Annual Federal Credit:	\$478,545
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,200,000
Investor/Consultant:	PNC Real Estate
Federal Tax Credit Factor:	\$0.91000

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$10,826,811
Actual Eligible Basis:	\$10,826,811
Unadjusted Threshold Basis Limit:	\$13,711,344
Total Adjusted Threshold Basis Limit:	\$20,759,174

**Adjustments to Basis Limit:**

- Local Development Impact Fees
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 25%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units are Income Targeted at 35% AMI or Below: 20%

**Cost Analysis and Line Item Review**

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.40% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

**Special Issues/Other Significant Information:** None

**Local Reviewing Agency:**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

**Recommendation:** Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

<b>Federal Tax Credits/Annual</b>	<b>State Tax Credits/Total</b>
<b>\$478,545</b>	<b>\$0</b>

**Standard Conditions**

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

**Additional Conditions:** None